prises. These firms usually have high start-up costs, with considerable losses in the first years of operation.

In another positive development involving high technology, the John Fluke Company has signed a multimillion dollar cooperative agreement with a Chinese instrument factory to produce sophisticated measurement equipment in Sichuan Province. Similar agreements have elicited concern about the loss of domestic manufacturing jobs. Company officials, however, state that kits to produce the instruments in China will be manufactured and supplied by the John Fluke Company, and will include parts made by other U.S. firms.

Nondurable Goods Industries

Paper products (up 400) and chemicals (down 500) posted the largest June to July changes in nondurables manufacturing. The gain in food and kindred products (up 200) was less than expected, but still close to average for the first seven months of the year.

Japanese Chemical Company to Open Plant in Grant County

Chemicals and allied industries have shone during the state's twenty month employment recovery. Current employment in this sector exceeds the July 1979 pre-recession level by nearly seventeen percent. Demand for chemicals used in nuclear plant operations has been a prime ingredient in this exceptional performance. The erosion of crude oil prices and low cost electricity has also stimulated expansion in chemicals. Marple's Business Newsletter reports that a Japanese chemical company purchased eighty-five acres in Grant County, Washington for construction of a plant to manufacture high purity chemicals for electronic and fiber optic industries. The company was reportedly attracted by low power rates offered by the Grant County Public Utility District.

The unexpected July dip in chemicals jobs was due mainly to a temporary plant closure affecting about 500 workers. The plant is supposed to re-open in early September.

Seasonal Gains in Food Processing

Last month's "Washington Labor Market" report observed that delays in planting, which set back the entire harvesting and food processing schedule, and an early end to the asparagus harvest, contributed to a June shortfall in seasonal food processing jobs. A healthy rise was forecast for July. Only 200 new jobs, however, were added to the industry's payrolls last month. Although month to month jumps in food processing employment have not exactly matched the pattern of past years, the payroll gain since January 1984--of 3,400--is just 100 below the average January to July increase of the past eight years.

In other major developments involving nondurables, the paper and allied products sector continued to add new

jobs, increasing by 400 in July. Employment in the industry is now only five percent below its July 1979 pre-recession level, and 800 jobs above one year ago. This is impressive for an industry which has lost jobs to automation and to the southern part of the country where labor costs are generally lower. Demand for paper products is still soaring, with copying, data processing, and magazine publishing providing the impetus.

NONMANUFACTURING EMPLOYMENT

A large seasonal drop in public education jobs, surprising vigor in construction trades, and stability in the trade and service sectors dominated July developments in non-manufacturing employment.

Public education jobs fell temporarily by 28,800 during July, as the school year came to a close. This change was responsible for most of the July drop in state total employment.

"Baby Boom" Echo to Enhance Job Opportunities in Public Education

Over the year, payrolls were up slightly in public education during 1984, as state and local government treasuries were partly replenished by the economic recovery. Still, June 1984 public education jobs were about 8,000 below June 1980. The job erosion was due to recession induced cutbacks, as well as to steady enrollment declines in most educational districts. The enrollment trend, however, is about to be reversed this September, as the so called "baby boom echo" takes effect. Children born in the post World War II baby boom reached prime child bearing age in the seventies. Their children are now entering public schools. A state constitutional provision requiring "full funding" of "basic education", plus legally mandated programs for special student populations, are likely to boost public education payrolls in the 1984-1990 period as schools respond to the enrollment challenge.

Gasoline Tax and Restoration of Investor Confidence will Spur Public Works Construction

The most significant jump in July nonmanufacturing jobs occurred in construction. The increase of 2,400 over the previous month is typical for a non-recession year. Considering the sluggish regional residential housing market, the July change is impressive. Nationally, the recent rise in construction jobs has been even more dramatic. Although timely state and regional data are not available, the national recovery in construction is related to strength in commercial/ industrial, public works, and multiple dwelling construction. Availability of funding for these types of projects--in contrast to single family residential construction--is much less sensitive to short term fluctuations in mortgage rates. Across the nation, housing starts fell 6.6 percent from June to July, with starts of single family homes registering a hefty ten percent drop. Apartment construction declined only 1.7 percent.

In Washington State, a July 1st gasoline gax increase has provided additional funds to counties for repair of roads, highways, and sewer systems. Funds available for public works should rise further as investor anxiety over the WPPSS default subsides. As confidence in the state economy is renewed, municipal bond issues from the state and region are expected to increase. These developments should keep the state's construction recovery on track, even if mortgage rates remain high. A sizeable drop in the number of recent municipal bond issues had slowed public construction.

Employment in the trade and services sectors flattened last month. This is typical for July, when the bulk of weather, travel, and tourist related hiring has already taken place.

Normal Growth in Trade And Service Jobs Despite Surge in Tourism Indicators

Indicators prepared by the State Department of Commerce and Economic Development, point to a record year in tourism and travel. According to the state agency, travel inquiries (+105 percent), international air traffic (+21 percent), and hotel occupancy (+6.7 percent) are all higher than one year ago. These changes have been related to a generally stronger economy and to a successful state advertising campaign. Since job growth in retail trades and services has been average for the first two quarters of 1984, new tourist/travel related hiring has either been postponed or has been offset by the much awaited slowdown in (non-tourist) consumer spending. Nationally, retail sales fell a seasonally adjusted 0.9 percent in July. Total consumer spending across the nation expanded at less than half the rate of personal income for the second straight month.

EMPLOYMENT OUTLOOK: THE NATIONAL CONTEXT

Data on aggregate national economic activity reported in July suggest that a cooling of the economy has genuinely begun.

Slowdown Seen as Favorable to Interest Rates

Although forecasters have repeatedly underestimated the strength of the recovery, the consistency of the July figures make the current signals difficult to ignore. In addition to the two month decline in the Index of Leading Indicators, July brought a flattening in consumer spending, a drop in retail sales, and a plunge in the Conference Board's indexes of consumer confidence and buying plans. Production of hardgoods and business equipment, however, surged ahead in July, as factory capacity rates increased again to 83 percent.

These developments appear generally favorable for the state's interest rate sensitive economy. Signs of a slowdown and the failure of inflation to ignite may mean that interest rates have peaked. Residual strength in capital spending should aid the state's manufacturing industries, even while a cooling in consumer activity causes the national unemployment rate to flatten. If

these trends persist, the gap between the state and national unemployment rates ought to narrow by the end of 1984.

Low Commodity Prices Help Keep Inflation Down

Inflation and interest rates are still the key to the state's short and long term employment outlook. Thus far the omens are mostly favorable. A strong dollar and heavy commodity exports by debt ridden third world nations are keeping prices low in the U.S. for such basic items as oil, copper, and aluminum. Low prices for commodities at this late stage in the recovery cycle suggests that the economy has not jumped back on the inflationary treadmill. Producer prices, usually a harbinger of future movements in the consumer proce index (CPI), rose 0.3 percent in July, following two months of no change. This translates into a mild 3.3 percent annual producer price inflation rate. Indeed, commodity prices have been so weak, that a small group of economists has voiced concern about possible deflation in the 1984-86 period. Latest CPI data for the U.S. and the Seattle-Everett area are provided below.

On the gloomier side of the inflation/interest rate picture, are persistently large Federal budget deficits and expriring labor contracts in such basic industrial sectors as coal, automobiles, and steel. Unless growth in wages and benefits are accompanied by gains in worker productivity, inflationary pressures from the wage front may appear in 1985-87. The monetarist school of economics holds fast to the belief that rapid growth in the money supply during 1982-83 will result in double digit inflation as early as 1985. They believe that the strong dollar and weak commodity prices are only temporary abberations holding down prices.

CONSUMER PRICE INDEX

(All Items, Urban Consumers, 1967=100)

	INDEXES			PERCENT CHANGE				
				Year Ending		2 Months Ending		1 Month Ending
	June 1983	May 1984	June 1984	May 1984	June 1984	May 1984	June 1984	June 1984
U.S. City Average	299.3	310.7	311.7	4.2	4.1	0.6	0.6	0.3
Seattle-Everett	304.0	--	314.3	--	3.4	--	0.4	--

RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE 1/

(In Thousands)

NOT SEASONALLY ADJUSTED	Jul. 1984 (Prel.)	Jun. 1984 (Rev.)	Jul. 1983	Jun. 1983	Change Jun. 84 to Jul. 84	Change Jul. 83 to Jul. 84
RESIDENT CIVILIAN LABOR FORCE.....	2,091.7	2,123.7	2,086.8	2,136.6	-32.0	+4.9
EMPLOYMENT.....	1,896.2	1,926.4	1,864.9	1,906.1	-30.2	+31.3
UNEMPLOYMENT.....	195.5	197.3	221.9	230.5	-1.8	-26.4
Percent of Labor Force.....	9.3	9.3	10.6	10.8	xxx	xxx

NONAGRICULTURAL WAGE AND SALARY WORKERS IN WASHINGTON STATE, PLACE OF WORK 2/

(In Thousands)

NOT SEASONALLY ADJUSTED	Jul. 1984 (Prel.)	Jun. 1984 (Rev.)	Jul. 1983	Jun. 1983	Change Jun. 84 to Jul. 84	Change Jul. 83 to Jul. 84
TOTAL NONAG. WAGE AND SALARY.....	1,633.9	1,652.9	1,585.9	1,611.9	-19.0	+48.0
TOTAL MANUFACTURING.....	286.3	286.7	279.8	281.2	-0.4	+6.5
Durable Goods.....	197.2	197.6	193.1	193.8	-0.4	+4.1
Lumber & Wood Products.....	42.6	43.2	44.1	43.8	-0.6	-1.5
Furniture & Fixtures.....	3.3	3.4	3.3	3.3	-0.1	0.0
Stone, Clay, & Glass Prod.....	6.5	6.4	6.2	6.1	+0.1	+0.3
Primary Metal Industries.....	13.2	13.1	12.9	12.6	+0.1	+0.3
Aluminum Prod. & Processing...	8.5	8.5	8.5	8.2	0.0	0.0
Fabricated Metal Products.....	9.9	9.8	4/9.4	9.3	+0.1	+0.5
Machinery.....	27.5	27.9	25.7	25.9	-0.4	+1.8
Machinery exc. Electrical.....	15.8	16.2	4/14.9	4/15.0	-0.4	+0.9
Electrical & Electronic Equip.	11.7	11.7	10.8	10.9	0.0	+0.9
Transportation Equipment.....	80.1	79.7	77.9	79.5	+0.4	+2.2
Aerospace.....	65.3	64.3	62.7	63.7	+1.0	+2.6
Other Transp. Equipment.....	14.8	15.4	15.2	15.8	-0.6	-0.4
Instruments & Related Prod.....	9.7	9.7	9.5	9.2	0.0	+0.2
Misc. Manufacturing Ind.....	4.4	4.4	4.1	4.1	0.0	+0.3
Nondurable Goods.....	89.1	89.1	86.7	87.4	0.0	+2.4
Food & Kindred Products.....	31.8	31.6	32.0	33.0	+0.2	-0.2
Canned & Preserved Foods.....	11.5	11.6	11.7	12.5	-0.1	-0.2
Apparel & Other Text. Prod.....	6.3	6.4	5.8	5.7	-0.1	+0.5
Paper & Allied Products.....	16.9	16.5	16.1	15.8	+0.4	+0.8
Printing & Publishing.....	16.4	16.4	15.7	15.9	0.0	+0.7
Chemicals & Allied Products....	10.4	10.9	10.3	10.3	-0.5	+0.1
Other Nondurable Goods 3/.....	4/7.3	4/7.3	6.8	6.7	0.0	+0.5
MINING & QUARRYING.....	2.9	2.8	2.8	2.7	+0.1	+0.1
CONSTRUCTION.....	78.5	76.1	4/76.4	75.5	+2.4	+2.1
TRANS. & PUBLIC UTILITIES.....	93.6	92.7	89.9	89.5	+0.9	+3.7
WHOLESALE & RETAIL TRADE.....	415.6	414.1	400.0	399.3	+1.5	+15.6
Wholesale Trade.....	106.7	105.2	102.9	102.2	+1.5	+3.8
Retail Trade.....	308.9	308.9	297.1	297.1	0.0	+11.8
FIN., INS., & REAL ESTATE.....	94.8	94.3	93.6	93.1	+0.5	+1.2
SERVICES.....	343.3	344.2	330.5	331.4	-0.9	+12.8
GOVERNMENT.....	318.9	342.0	312.9	339.2	-23.1	+6.0
Federal.....	69.7	69.2	69.3	68.6	+0.5	+0.4
State & Local.....	249.2	272.8	243.6	270.6	-23.6	+5.6
Education.....	118.5	147.3	114.7	145.1	-28.8	+3.8
(WORKERS IN LABOR-MANAGEMENT DISPUTES).....	0.2	0.2	0.3	1.4	0.0	-0.1

1/ These data are alternative estimates which are more nearly comparable to data released in previous years than are official Bureau of Labor Statistics estimates developed for Federal program purposes.

2/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during pay period including the 12th of the month.

3/ Includes textile mill products, rubber and miscellaneous plastics products, petroleum refining and related products, and leather products.

4/ Excludes workers involved in labor-management disputes.

Washington State
EMPLOYMENT SECURITY DEPARTMENT

RESIDENT LABOR FORCE AND EMPLOYMENT IN WASHINGTON STATE AND LABOR MARKET AREAS

Date: August 26, 1984
Benchmark: 1983

(Not Seasonally Adjusted)

John Spellman, Governor
Norward J. Brooks, Commissioner

	July 1984 Preliminary 3/				June 1984 Revised				July 1983 Revised			
	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate	Labor Force	Employment	Unemployment	Rate
Washington State Total 1/	2,091,700	1,896,200	195,500	9.3	2,123,700	1,926,400	197,300	9.3	2,086,800	1,864,900	221,900	10.6
Bellingham SMSA	53,700	48,300	5,400	10.1	53,400	48,000	5,400	10.1	51,800	46,300	5,500	10.6
Bremerton SMSA	65,700	61,100	4,600	7.0	66,300	61,600	4,700	7.1	64,900	59,900	5,000	7.7
Olympia SMSA	59,800	53,600	6,200	10.4	61,200	55,000	6,200	10.1	60,600	53,700	6,900	11.4
Seattle-Everett SMSA	918,200	847,500	70,700	7.7	928,100	854,800	73,300	7.9	906,300	820,300	86,000	9.5
Spokane SMSA	154,500	141,600	12,900	8.3	159,500	146,300	13,200	8.3	155,000	140,600	14,400	9.3
Tacoma SMSA	191,500	171,600	19,900	10.4	193,800	173,600	20,200	10.4	192,900	170,200	22,700	11.8
Tri-Cities Area 2/	74,800	64,200	10,600	14.2	79,200	69,500	9,700	12.2	80,000	69,300	10,700	13.4
Yakima SMSA	94,900	82,400	12,500	13.2	92,000	79,600	12,400	13.5	92,200	79,200	13,000	14.1
Wenatchee Labor Area 2/	39,060	34,530	4,530	11.6	38,720	34,020	4,700	12.1	38,940	33,480	5,460	14.0
Adams	7,900	6,750	1,150	14.6	9,080	8,040	1,040	11.5	7,930	6,880	1,050	13.2
Asotin	8,510	7,810	700	8.2	8,750	8,000	750	8.6	8,960	8,200	760	8.5
Clallam	20,220	17,650	2,570	12.7	20,510	18,130	2,380	11.6	20,540	17,750	2,790	13.6
Clark	96,470	87,860	8,610	8.9	95,870	87,930	7,940	8.3	95,950	86,700	9,250	9.6
Columbia	1,830	1,620	210	11.5	2,860	2,660	200	7.0	1,890	1,660	230	12.2
Cowlitz	32,220	28,200	4,020	12.5	33,500	29,430	4,070	12.1	34,660	29,120	5,540	16.0
Ferry	2,720	2,330	390	14.3	2,950	2,540	410	13.9	2,730	2,340	390	14.3
Garfield	1,330	1,240	90	6.8	1,580	1,450	130	8.2	1,320	1,250	70	5.3
Grant	25,560	21,800	3,760	14.7	27,690	24,570	3,120	11.3	25,860	22,060	3,800	14.7
Grays Harbor	29,120	25,120	4,000	13.7	29,870	25,930	3,940	13.2	31,320	27,280	4,040	12.9
Island	15,730	14,490	1,240	7.9	16,490	15,170	1,320	8.0	15,990	14,510	1,480	9.3
Jefferson	7,060	6,450	610	8.6	7,150	6,530	620	8.7	7,020	6,360	660	9.4
Kittitas	10,770	9,500	1,270	11.8	12,390	10,930	1,460	11.8	10,750	9,430	1,320	12.3
Klickitat	7,200	6,350	850	11.8	7,810	6,720	1,090	14.0	7,350	6,390	960	13.1
Lewis	24,990	21,730	3,260	13.0	26,160	22,840	3,320	12.7	25,660	21,870	3,790	14.8
Lincoln	4,870	4,740	130	2.7	5,730	5,520	210	3.7	4,930	4,720	210	4.3
Mason	11,210	10,160	1,050	9.4	11,490	10,380	1,110	9.7	11,330	10,020	1,310	11.6
Okanogan	17,470	14,480	2,990	17.1	17,070	14,510	2,560	15.0	17,580	14,610	2,970	16.9
Pacific	7,630	6,540	1,090	14.3	7,870	6,750	1,120	14.2	7,680	6,680	1,000	13.0
Pend Oreille	4,320	3,750	570	13.2	4,560	3,910	650	14.3	3,920	3,260	660	16.8
San Juan	4,440	4,250	190	4.3	4,350	4,110	240	5.5	4,550	4,280	270	5.9
Skagit	39,360	34,500	4,860	12.3	34,190	29,400	4,790	14.0	36,910	32,700	4,210	11.4
Skamania	2,660	2,240	420	15.8	2,970	2,520	450	15.2	3,290	2,750	540	16.4
Stevens	12,480	10,860	1,620	13.0	13,260	11,590	1,670	12.6	12,530	10,630	1,900	15.2
Wahkiakum	1,420	1,280	140	9.9	1,540	1,460	80	5.2	1,340	1,240	100	7.5
Walla Walla	26,810	24,830	1,980	7.4	27,890	25,810	2,080	7.5	26,590	24,390	2,200	8.3
Whitman	15,220	14,730	490	3.2	17,940	17,310	630	3.5	15,550	14,890	660	4.2

1/ Detail may not add due to rounding.

2/ The Tri-Cities area includes all of Benton and Franklin Counties. The Wenatchee Labor Area includes all of Chelan and Douglas counties.

3/ Estimates provided here are for use as an economic time-series. Official Bureau of Labor Statistics' estimates, which must be used for Federal program purposes, are available upon request.

Research and Analysis Branch

WASHINGTON STATE LABOR FORCE AND EMPLOYMENT
ESTIMATES FOR FEDERAL PROGRAM PURPOSES

August 26, 1984
Benchmark 1983

(Not Seasonally Adjusted)

	July 1984 Preliminary				June 1984 Revised			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Washington State Total 1/	2,056,300	1,872,100	184,200	9.0	2,083,700	1,889,500	194,200	9.3
Bellingham SMSA	52,800	47,700	5,100	9.7	52,400	47,100	5,300	10.1
Bremerton SMSA	64,600	60,300	4,300	6.7	65,000	60,400	4,600	7.1
Olympia SMSA	58,700	52,900	5,800	9.9	60,000	53,900	6,100	10.2
Seattle-Everett SMSA	903,300	836,700	66,600	7.4	910,500	838,400	72,100	7.9
King County	712,200	661,200	51,000	7.2	717,700	662,500	55,200	7.7
Snohomish County	191,100	175,500	15,600	8.2	192,800	175,900	16,900	8.8
Spokane SMSA	152,000	139,800	12,200	8.0	156,500	143,500	13,000	8.3
Tacoma SMSA	188,100	169,400	18,700	9.9	190,200	170,300	19,900	10.5
Tri-Cities Area 2/	73,300	63,400	9,900	13.5	77,700	68,100	9,600	12.4
Yakima SMSA	93,200	81,400	11,800	12.7	90,300	78,100	12,200	13.5
Wenatchee Labor Area 3/	38,360	34,090	4,270	11.1	37,980	33,360	4,620	12.2
Adams	7,740	6,660	1,080	14.0	8,910	7,890	1,020	11.4
Asotin	8,370	7,710	660	7.9	8,590	7,850	740	8.6
Clallam	19,850	17,430	2,420	12.2	20,120	17,780	2,340	11.6
Clark	94,860	86,740	8,120	8.6	94,060	86,250	7,810	8.3
Columbia	1,790	1,600	190	10.6	2,810	2,610	200	7.1
Cowlitz	31,640	27,850	3,790	12.0	32,880	28,870	4,010	12.2
Ferry	2,660	2,300	360	13.5	2,890	2,490	400	13.8
Garfield	1,300	1,220	80	6.2	1,550	1,420	130	8.4
Grant	25,070	21,520	3,550	14.2	27,180	24,100	3,080	11.3
Grays Harbor	28,570	24,800	3,770	13.2	29,310	25,430	3,880	13.2
Island	15,480	14,310	1,170	7.6	16,180	14,880	1,300	8.0
Jefferson	6,940	6,370	570	8.2	7,020	6,410	610	8.7
Kittitas	10,580	9,380	1,200	11.3	12,160	10,720	1,440	11.8
Klickitat	7,070	6,270	800	11.3	7,670	6,590	1,080	14.1
Lewis	24,520	21,450	3,070	12.5	25,660	22,400	3,260	12.7
Lincoln	4,810	4,680	130	2.7	5,630	5,420	210	3.7
Mason	11,020	10,030	990	9.0	11,270	10,180	1,090	9.7
Okanogan	17,120	14,300	2,820	16.5	16,750	14,230	2,520	15.0
Pacific	7,490	6,460	1,030	13.8	7,730	6,620	1,110	14.4
Pend Oreille	4,240	3,700	540	12.7	4,480	3,840	640	14.3
San Juan	4,380	4,200	180	4.1	4,260	4,030	230	5.4
Skagit	38,640	34,060	4,580	11.9	33,550	28,830	4,720	14.1
Skamania	2,600	2,210	390	15.0	2,920	2,480	440	15.1
Stevens	12,240	10,720	1,520	12.4	13,010	11,370	1,640	12.6
Wahkiakum	1,400	1,270	130	9.3	1,510	1,430	80	5.3
Walla Walla	26,390	24,520	1,870	7.1	27,350	25,310	2,040	7.5
Whitman	15,010	14,540	470	3.1	17,600	16,980	620	3.5

1/ Official U.S. Department of Labor, Bureau of Labor Statistics data. Data are not comparable with estimates made in previous years.

2/ Includes Benton and Franklin counties.

3/ Includes Chelan and Douglas counties.

OVER 15.3

13.3 - 15.3

10.0 - 13.2

UNDER 10.0

JULY UNEMPLOYMENT RATES